GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:159
ANSWERED ON:01.12.2006
DELAY IN IPO CLEARANCE
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita

Will the Minister of FINANCE be pleased to state:

(a)whether the Securities and Exchange Board of India (SEBI) being the market regulator takes more than the stipulated period to clear applications from companies for their Initial Public Offerings (IPOs) as reported in the Times of India dated October 16, 2006;

(b)if so, the facts thereof; and

(c) the measures taken/proposed to streamline the procedure by SEBI?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P.CHIDAMBARAM)

(a) to (c): A statement is placed on the table of the House. Statement referred to in reply to parts (a) to (c) of Lok Sabha Starred Question No. 159 for answer on 1st December, 2006 on `Delay in IPO Clearance` raised by Shrimati Nivedita Mane and Shri Eknath M. Gaikwad

(a) & (b): The Securities and Exchange Board of India (SEBI) does not clear applications from companies for Initial Public Offerings

(IPOs), but only issues observations on draft prospectus filed by companies. The process leading to issue of observation involves interaction with and input from various agencies such as merchant bankers, other regulators and exchanges. SEBI has informed that in a majority of cases, it has issued observations within 21 days of getting complete inputs from the agencies concerned.

(c): SEBI has informed that it is constantly endeavouring to streamline the procedure to facilitate issuers to access market without compromising disclosure and other standards. For example, it is working to streamline the internal procedure for dealing with offer documents of issuers against whom some regulatory action is in process.